

Message Text

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ORIGIN ARA-10

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FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY PANAMA

AMEMBASSY BOGOTA

AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L STATE 118371

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E.O. 11652: GDS

TAGS: ETRD, CS

SUBJECT: FACIO ACCUSES BANANA COMPANIES OF SEEKING TO UPSET
GOVERNMENTS OF EXPORTING COUNTRIES

1. THE WASHINGTON STAR FRONTPAGED AN AP STORY TODAY DATE-
LINED SAN JOSE WHICH QUOTED FOREIGN MINISTER FACIO AS
ACCUSING DELMONTE, STANDARD FRUIT, AND UNITED BRANDS OF
CONSPIRING AGAINST THE GOVERNMENTS OF BANANA EXPORTING
COUNTRIES BELONGING TO THE UNION OF BANANA EXPORTING COUN-
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TRIES (UPEB) IN AN EFFORT TO KEEP THEM FROM RAISING EXPORT

TAXES. FACIO WAS QUOTED AS STATING THAT HE HAD UNCONFIRMED REPORTS THAT THE THREE COMPANIES SET UP A FIVE MILLION DOLLAR FUND FOR THIS PURPOSE. THE WIRE SERVICE REPORT CARRIED A DENIAL OF THE CHARGE BY A UNITED BRANDS REPRESENTATIVE. THE WASHINGTON STAR STORY WENT ON TO STATE THAT FACIO HAS PUBLICLY URGED THE U.S. SECURITIES AND EXCHANGE COMMISSION TO INVESTIGATE THIS ALLEGATION AND FIND OUT WHETHER SUCH FUNDS WERE USED IN AN ILLEGAL MANNER, WHO SUCH MONEY WAS GIVEN TO AND HOW IT WAS SPENT. FACIO WAS ALSO REPORTED TO HAVE PUBLICLY URGED THE SEC TO INVESTIGATE WHETHER THE COMPANIES HAVE BRIBED GOVERNMENT OFFICIALS, NEWSMEN AND ADVERTISING AGENCIES IN CAMPAIGNS IN CENTRAL AMERICA TO DISCREDIT AND DESTABILIZE UPEB GOVERNMENTS.

THE STORY CLAIMS THAT FACIO SAID A FEW DAYS AGO THAT HE WAS RELAYING THE REQUEST FOR SUCH AN INVESTIGATION BY THE SEC THROUGH THE STATE DEPARTMENT.

2. EARLIER IN THE AFTERNOON AND PRIOR TO READING THE STAR STORY, COSTA RICAN AMBASSADOR SILVA CALLED THE DEPARTMENT. SILVA REQUESTED THAT WE ASK THE SEC TO INVESTIGATE THE ACTIVITIES OF DEL MONTE AND STANDARD FRUIT AS WELL AS UNITED BRANDS TO SEE IF THESE COMPANIES HAD BEEN INVOLVED IN ANY ILLICIT ACTIVITIES IN BANANA PRODUCING COUNTRIES. SILVA QUOTED ODUBER AS REQUESTING THE INVESTIGATION BUT MADE NO MENTION OF FACIO'S REPORTED STATEMENT. LATER IN THE AFTERNOON, AFTER READING THE NEWS STORY, WE CALLED BACK AMBASSADOR SILVA AND TOLD HIM THAT WE SERIOUSLY DOUBTED THAT FACIO HAD MADE SUCH A PUBLIC ACCUSATION AS REPORTED SINCE IT WOULD HAVE BEEN IRRESPONSIBLE. WE SAID THAT IF THE GOCR HAD ANY SPECIFIC EVIDENCE - NOT JUST SECOND-HAND HEARSAY - TENDING TO PROVE ANY BEHAVIOR OF THE TYPE MENTIONED, WE WERE CERTAIN THE SEC WOULD BE INTERESTED. BARRING SUCH EVIDENCE, HOWEVER, WE COULD HARDLY REQUEST THE SEC TO INITIATE AN INVESTIGATION WHICH APPARENTLY WAS MOTIVATED MORE BY THE DESIRE OF GOCR OFFICIALS TO CLEAR THEIR GOOD NAMES THAN BY ANY REAL NOTION THAT SHARE-HOLDERS OF CORPORATIONS PUBLICLY-TRADED IN THE U.S. NEEDED PROTECTION. FINALLY, WE SUGGESTED THAT IF, AS WE STRONGLY BELIEVED, FACIO HAD NOT MADE THE STATEMENT

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(ABOUT THE 5.0 MILLION DOLLARS DESTABILIZING FUND) ATTRIBUTED TO HIM, A CORRECTION WOULD BE MOST USEFUL.

3. SILVA STATED THE PROBLEM HAD STARTED WITH THE WALL STREET JOURNAL STORY ABOUT THE JUSTICE DEPARTMENT SUBPOENA OF RECORDS RELATING TO PAYMENTS TO OFFICIALS IN HONDURAS, COSTA RICA OR PANAMA. HE IMPLIED A CERTAIN AMOUNT OF TIT-FOR-TAT. WE REMINDED HIM THAT THE STORY IN QUESTION,

WHICH WE HAD PREVIOUSLY EXPLAINED TO HIM, DID NOT QUOTE
THE SECRETARY OF STATE. INGERSOLL

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